



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Issued by the Department of Transportation
on the 17th day of May, 1996

Served May 23, 1996

Ninety-day Notice of

FLAGSHIP AIRLINES, INC.
d/b/a AMERICAN EAGLE

under 49 U.S.C. 41734 and 14 CFR Part 323 of
intent to terminate service at Muskegon, Michigan

Docket OST-96-1290

Application of

FLAGSHIP AIRLINES, INC.
d/b/a AMERICAN EAGLE

under 49 U.S.C. 40109 for an exemption from the
90-day notice requirement to terminate service at
Muskegon, Michigan

Docket OST-96-1289

Essential Air Service Determination for

MUSKEGON, MICHIGAN

under 49 U.S.C. 41731 *et seq*

Docket EAS-668

ORDER

On April 22, 1996, Flagship Airlines, Inc. d/b/a American Eagle filed a 90-day notice of its intention to suspend its subsidy-free service at Muskegon, Michigan, effective July 29, 1996. Flagship Airlines is providing three daily nonstop round trips between Muskegon and Chicago O'Hare with 34-seat Saab aircraft. In addition to Flagship Airlines' service, Mesaba Aviation d/b/a Northwest Airlink operates three daily nonstop round trips between Muskegon and Detroit, using 19-seat Metroliner aircraft and Midwest Express connection/Skyway Airlines operates three daily nonstop round trips between Muskegon and Milwaukee, using 19-seat Beech 1900 equipment.

The carrier has also requested that the Department grant it an exemption in order to allow it to terminate service short of the full 90-day notice period, effective July 1, 1996.

Muskegon's current essential air service definition, as set forth in Order 85-2-2, February 1, 1985, requires two daily nonstop or one stop round trips to Chicago providing 62 seats in each direction. Flights meeting our essential air service guidelines should be operated with two pilots and with aircraft having at least two engines, conventional cabin access through an airstair door or similar type of access, and a least 15 passenger seats. Flights should also be operated at reasonable times taking into account the needs of passengers with

connecting flights at such airports and at rates, fares and charges which are not excessive when compared to the generally prevailing fares of other air carriers for like service between similar pairs of points.

Flagship Airlines is a certified air carrier and was required to file its 90-day notice under 49 U.S.C. 41734 because its proposed termination of service would result in a reduction in service below Muskegon's essential air service level since the community would be left without service to its defined hub of Chicago.

In support of its request to suspend service on less than 90-days' notice, Flagship Airlines states the following. Muskegon will continue to receive multiple daily nonstop flights to Detroit and to Milwaukee by two other airlines in the absence of service by Flagship Airlines in the Chicago market. The carrier further states that the termination of Muskegon service is motivated by economic factors which require the deployment of its aircraft to other markets and that to allow Flagship Airlines to terminate its service on July 1, 1996, is consistent with the public interest. Finally, Flagship Airlines states that it has worked closely with the local officials and they do not object to the early suspension.

After careful consideration of this matter, we have decided to grant Flagship Airlines' exemption request and allow the carrier to terminate its Muskegon service on July 1. We have confirmed with local civic officials that they do not object to the early service termination proposed by Flagship Airlines. Although losing its Chicago service, the Muskegon community will retain both eastbound and westbound service to the gateway cities of Detroit and Milwaukee. At the same time an extensive service pattern providing numerous daily nonstop flights to both O'Hare and Midway airports will be available to the Muskegon service area through nearby Grand Rapids airport, approximately 50 road miles to the east.

On our own motion we are amending the definition of essential air service at Muskegon so as to designate service to any one of the alternate hubs of Chicago, Detroit or Milwaukee as meeting Muskegon's essential air service needs. Our decision in this regard recognizes that Chicago and Detroit are large hubs and Milwaukee is a medium hub, and that service to any of the three will provide Muskegon full access to the national transportation system and meets the Department's statutory obligation of assuring such access.

As a final matter, before Flagship Airlines suspends service, we expect it to contact all passengers that hold reservations for flights that will be suspended to inform them of the suspension and the availability of alternative services and to assist them in arranging alternative transportation.

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY;

1. The Department takes no action to prohibit Flagship Airlines, Inc. from terminating its scheduled service at Muskegon, Michigan effective July 29, 1996;
2. The Department grants the relief sought by Flagship Airlines' exemption to permit it to suspend service on less than 90-days' notice at Muskegon, Michigan, effective July 1, 1996;
3. The Department amends the essential air service determination for Muskegon, Michigan, so as to designate the cities of Chicago, Detroit, or Milwaukee as alternate hubs; and
4. The Department will serve a copy of this order on the City of Muskegon, the Muskegon County Airport, the Michigan Bureau of Aeronautics, Flagship Airlines, Inc., Mesaba Aviation and Midwest Express Connection/Skyway Airlines.

Pursuant to Part 325 of the Department's procedural regulations, interested persons objecting to the amendment of Muskegon's essential air service determination as contained in this order are entitled to appeal the amendment within 60 days of the date of service of this order.

This order will be effective immediately and the filing of a petition for review shall not preclude such effectiveness.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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